

ACADEMIES AUSTRALASIA GROUP LIMITED

ABN 93 000 003 725

Rights Issue Entitlement Offer Document

Pursuant to S708AA(2) *Corporations Act 2001 (Cth)*

For a pro-rata non-renounceable rights issue to Eligible Shareholders of Academies Australasia Group Limited of 2 New Shares at an issue price of 12 cents each for every 3 Shares held to issue up to approximately 50,775,320 New Shares and to raise up to approximately \$6,093,038.

All the directors, and their associates, will take up their full entitlement of approximately 29,696,176 New Shares (approximately \$3,563,541). Up to 18,333,333 New Shares (\$2,200,000), to the extent that these are not taken up by existing shareholders, are underwritten. So the minimum New Shares to be issued would be approximately 48,029,509 (approximately \$5,763,541).

Important notice

This is an important document which requires your immediate attention. It should be read in its entirety and in conjunction with the Company's Annual Report for the year ended 30 June 2016, the half year ended 31 December 2016 and other announcements made by the Company.

This Offer Document is not a prospectus. It has a lower level of disclosure than that required by a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this Offer Document. The New Shares offered by this Offer Document should be considered speculative.

If you do not understand the contents of this Offer Document or are in doubt about the course you should follow, then you should consult your stockbroker, accountant or other professional advisor.

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DIRECTORY

Company

Academies Australasia Group
Limited

(ASX:AKG)

Directors

Dr John Lewis Schlederer
(Chairman, Non-Executive Director)

Christopher Elmore Campbell
(Group Managing Director and
Chief Executive Officer)

Chiang Meng Heng
(Non-Executive Director)

Gabriela del Carmen Rodriguez
Naranjo (Executive Director)

Sartaj Hans
(Independent, Non-Executive
Director)

Company Secretaries

Stephanie Noble
Gabriela del Carmen Rodriguez
Naranjo

Contact Details

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Sydney, NSW, 2000

Fax: +61 2 9224 5550

Phone: +61 2 9224 5555

Enquiries:
companysecretary@academies.edu.au

Website: www.academies.edu.au

Share Registry

Computershare Investor Services
Pty Limited
Level 4, 60 Carrington Street,
Sydney, NSW, 2000

Legal Advisor

Ashurst Australia
Level 5, 5 Martin Place
Sydney, NSW 2000

Auditor

Pilot Partners
Level 10, Waterfront Place
1 Eagle Street, Brisbane, QLD 4000

1. IMPORTANT DATES AND IMPORTANT INFORMATION

1.1 Key dates for investors

Record Date for determining entitlements under the Offer:	25 May 2017
Offer Opens:	26 May 2017
Offer Expected to Close:	16 June 2017
Expected Date for Despatch of New Shareholding statements:	26 June 2017
Commencement of trading of New Shares on ASX:	26 June 2017

Further details regarding the timetable for the Offer are set out in section 3.7. All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible

Offer statistics

Number of New Shares to be issued:	Up to approximately 50,775,320
Issue Price (per New Shares)	12 cents

1.2 Important Information

(a) Note to Applicants

This Offer Document is dated 26 May 2017 and was lodged with ASX on that date. ASX does not take any responsibility for the contents of this Offer Document or the merits of the investment to which this Offer Document relates.

Securities will only be issued on the basis of this Offer Document in accordance with the terms set forth in this Offer Document.

The Company has applied for admission of the New Shares offered by this Offer Document to quotation on ASX.

It is important that you carefully read this Offer Document in its entirety before deciding to invest in the Company and, in particular, in considering the prospects for the Company that you consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest.

This Offer Document may be viewed at the Company's website at www.academies.edu.au/offer-document-26-may-2017.html

(b) Restrictions on the distribution of this Offer Document, Ineligible Shareholders and Overseas Shareholders

This Offer Document does not constitute an offer of New Shares in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Offer Document in jurisdictions outside Australia, New Zealand and Singapore may be restricted by law and any person into whose possession this Offer Document comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

An Eligible Shareholder is a Shareholder on the Company's register of members who has a registered address in Australia, New Zealand or Singapore at 7.00pm (AEST) on 25 May 2017 (Record Date).

Shareholders whose registered address is in any country other than Australia, New Zealand or Singapore are ineligible shareholders. The Company has decided that it is unreasonable to make offers under the Offer to Shareholders with registered addresses outside Australia, New Zealand and Singapore having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia, New Zealand and Singapore.

The New Shares have not been, and will not be, registered under the US Securities Act 1993 (as amended) and may not be offered or sold in the United States or to, or for the account of or benefit of, US persons. Accordingly neither this Offer Document nor an Application may be sent to investors in the United States or otherwise distributed in the United States.

Singapore

The Offer contained in this Offer Document to Eligible Shareholders with a registered address in Singapore should be aware that this Offer Document has not been registered as a prospectus with the Monetary Authority of Singapore (MAS), and accordingly, this Offer Document, the Entitlement and Acceptance Form and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) a Shareholder whose name appears in the register of members of the Company on the Record Date pursuant to Section 273(1)(cd) of the Securities and Futures Act, Chapter 289 (SFA) or (ii) pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

New Zealand

The Offer contained in this Offer Document to Eligible Shareholders with a registered address in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(c) Privacy Disclosure

The Company collects information (including personal information) in relation to each Applicant as provided on an Application (Information) for the purposes of processing the Entitlement and Acceptance Form and, should the Application be successful, to administer the Applicant's security holding in the Company, facilitate distribution payments and corporate communications to you as a Shareholder (Purposes).

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

If the Offer is successfully completed, the Information may also be used and disclosed to persons inspecting the register of Shareholders, including bidders for your securities in the

context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

Subject to certain exemptions under the law, you can access, correct and update the personal information that AKG holds about you. Please contact the Company or its share registry in writing if you wish to do so at the relevant contact numbers set out in this Offer Document. A fee may be charged for access.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth), the Corporations Act and rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

(d) Form of Offer

The Offer made pursuant to this Offer Document is for a rights issue of continuously quoted securities (as defined in the Corporations Act 2001 (Cth) (Corporations Act)) of the Company. This rights issue Offer Document is not a disclosure document for the purposes of Chapter 6D of the Corporations Act. The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Offer Document is significantly less than that required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to the ASX and should consult their professional advisors before deciding whether to accept the Offer.

As at the date of this Offer Document, the Company has complied with:

- the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
- section 674 of the Corporations Act.

(e) No excluded information

As at the date of this Offer Document the Company is not aware of any excluded information of the kind which would require disclosure in this Offer Document pursuant to subsections 708AA (8) and (9) of the Corporations Act.

(f) Risks

Investors are directed to Section 4 which sets out details of certain key risks associated with making an investment in the Company. Before submitting their Application, Eligible Shareholders should read this Offer Document in its entirety, and consult their professional advisors if they require further information associated with investing in the Company.

(g) Past Performance

Investors should note that the Company's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including the Company's future financial position or Share price performance.

(h) Future performance

This Offer Document contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the management of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. The Company and any other person gives no representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of the Company. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward-looking statements contained in this Offer Document in light of those disclosures.

(i) Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisors. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences connected with an investment in the New Shares offered by this Offer Document.

(j) No representations

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in this Offer Document may not be relied on as having been authorised by the Company or its officers. This Offer Document does not provide investment advice or advice on the taxation consequences of accepting the Offer. The Offer and the information in this Offer Document, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor.

(k) Deciding to Accept the Offer

No person named in this Offer Document, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the New Shares.

Please read this document carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in section 4. This Offer Document is an important document and you should read it in full before deciding whether to invest pursuant to the Offer. You should also have regard to other publicly available information about the Company, which can be found at the Company's website www.academies.edu.au.

ASX announcements can be found at: www.asx.com.au/asx/statistics/announcements.do

2. LETTER TO SHAREHOLDERS

26 May 2017

Dear Eligible Shareholder,

On behalf of the Board of Directors, I am pleased to invite you to take up your entitlement to participate in a pro-rata rights offer to acquire New Shares on the basis of 2 New Shares for every 3 Shares held on the Record Date.

The Offer gives all Eligible Shareholders the opportunity to acquire shares proportionate to their shareholding. The issue price is 12 cents per New Share.

The Offer is non-renounceable. This means that entitlements will not be tradeable on ASX or otherwise transferable.

You may not apply for more than your entitlement. Details of the Offer and investment considerations relating to the Offer are set out in this Offer Document. I recommend that you read this document carefully.

The proceeds of this Rights Issue will be used, mainly:

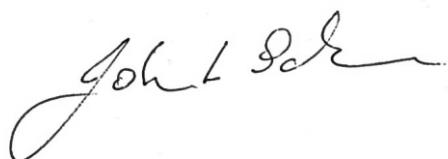
- to repay \$1,500,000 of bank debt;
- to repay \$2,275,000 of Directors' loans which are overdue plus accrued interest of \$0.136 million on those loans;
- to make the final payment to the vendor of Skills Training Australia; and
- to pay for the acquisition of further shares in RuralBiz Training.

The Board believes that the Rights Issue will recapitalise and reposition AKG to grow and develop its business in an environment where many competitors have been negatively impacted by regulatory changes.

All the members of the Board, and their associates, will take up their full entitlement of approximately 29,696,176 New Shares (approximately \$3,563,541). Mr Andrew Low has agreed to underwrite up to 18,333,333 New Shares (\$2,200,000) to the extent that these are not taken up by Eligible Shareholders.

The Board believes that the Offer terms are attractive and recommends that you take up your entitlement.

Yours sincerely



Dr John Lewis Schlederer
Chairman

3. DETAILS OF THE OFFER

3.1 The Offer

This Offer Document is for the non-renounceable rights issue of up to approximately 50,775,320 New Shares at an issue price of 12 cents per New Share, on the basis of 2 New Shares for every 3 Shares held by Eligible Shareholders as at the Record Date.

On the date the Offer was announced, the Company applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Official quotation of the New Shares is expected to occur on or about 23 June 2017.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document, in which case the Company will return all application monies (without interest) within 28 days of giving notice of such withdrawal.

All the Directors, and their associates, will take up their full entitlement of approximately 29,696,176 New Shares (approximately \$3,563,541). Up to 18,333,333 New Shares (\$2,200,000), to the extent that these are not taken up by Eligible Shareholders, are underwritten. So the minimum New Shares to be issued would be approximately 48,029,509 (approximately \$5,763,541).

3.2 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders only.

Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia, New Zealand or Singapore.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia, New Zealand and Singapore.

In particular, this Entitlement Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

3.3 Minimum subscription

There is no minimum subscription to the Offer.

3.4 New Share terms

Each Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

3.5 Acceptance of Entitlement to New Shares

The number of New Shares to which each Eligible Shareholder is entitled is calculated as at the Record Date and is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document. This Offer Document is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Shares can be accepted by Eligible Shareholders in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

3.6 Purpose of the Offer

The minimum and maximum to be raised from the Rights Issue are approximately \$5,763,541 and \$6,093,038 respectively.

The proceeds of this Rights Issue will be used, mainly:

- to repay \$1,500,000 of bank debt;
- to repay \$2,275,000 of Directors loans which are overdue plus accrued interest of \$0.136 million on those loans;
- to make the final payment to the vendor of Skills Training Australia; and
- to pay for the acquisition of further shares in RuralBiz Training.

However, in the event that circumstances change or other better opportunities arise, the Directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

3.7 Important dates

Announcement and application for official quotation of New Shares	18 May 2017
Section 708AA notice given to ASX	18 May 2017
Notice provided to Shareholders	19 May 2017
Ex-Date	24 May 2017
Record Date for the Offer	25 May 2017 at 7.00pm (AEST)
Lodge Offer Document with ASX	26 May 2017
Dispatch of Offer Document and Acceptance Form	26 May 2017
Opening Date of Offer	26 May 2017 at 9.00am (AEST)
Closing Date of Offer	16 June 2017 at 5.00pm (AEST)
Securities quoted on deferred settlement basis	19 June 2017
ASX notified under subscriptions	20 June 2017
Allotment of New Shares	23 June 2017
Despatch of New Shares holding statements	26 June 2017
Commencement of trading of New Shares on ASX	26 June 2017

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice. The Directors, subject to the requirements of the Listing Rules and the Corporations Act, reserve the right to:

- withdraw the Offer without prior notice; or
- vary any of the important dates set out in this Offer, including extending the Offer.

3.8 Directors' intentions in respect of Entitlements

All the Directors, and their associates, will take up their full entitlement of approximately 29,696,176 New Shares (approximately \$3,563,541). Up to 18,333,333 New Shares (\$2,200,000), to the extent that these are not taken up by Eligible Shareholders, are underwritten. So the minimum New Shares to be issued would be approximately 48,029,509 (approximately \$5,763,541).

3.9 Underwriting

The Offer is partially underwritten (see 3.8). Mr Andrew Low, a senior investment banker based in Hong Kong has agreed to underwrite any shortfall up to a further 18,333,333 shares (being a maximum amount of \$2,200,000). The Underwriter may at any time terminate the underwriting agreement and its obligations if the Directors and their associates do not take up their full entitlements or if AKG is in breach of a representation or warranty and that breach has a material adverse effect on AKG.

3.10 Fees and commissions of the Offer

The underwriting commission for this underwriting will be met through the issue of 5 million Options over unissued shares at an exercise price of:

- 15 cents per share (a 25% premium to the rights issue price) if exercised between 1 January 2018 to 30 June 2018; or
- 25 cents per share (a 108% premium to the rights issue price) if exercised between 1 July 2018 to 31 December 2018

The exercise window is from 1 January to 31 December 2018, or at any time after a person, other than a person who already has a relevant interest of 20% or more in AKG's voting securities, acquires a relevant interest of 20% or more in AKG's voting securities

3.11 Eligible Shareholders may not apply for Additional Shares

The maximum number of New Shares that an Eligible Shareholder may apply for is their Entitlement. Entitlements not taken up shall lapse. They do not become available as Additional Shares.

3.12 Entitlement Acceptance

Eligible Shareholders may accept their Entitlement either in whole or in part.

The number of New Shares to which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Offer Document.

If you wish to accept your Entitlement (in full or in part), follow the instructions on the personalised Entitlement and Acceptance Form accompanying this Offer Document.

If Eligible Shareholders take no action in respect of their Entitlement they will have no right to subscribe for the New Shares pursuant to this Offer. If you do not wish to accept all or any part of your Entitlement, do not take any further action. Your Entitlement will lapse.

(a) Payment by cheque or bank draft

Entitlements to New Shares can be accepted in full or in part of the Entitlement by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with payment for the full amount so as to reach the Share Registry by no later than 5.00pm (AEST) on the Closing Date. Payment may be made by cheque or bank draft. The Issue Price of 12 cents per New Share is payable in full on acceptance of part or all of your Entitlement.

Cheques should be in Australian currency drawn on an Australian branch of a financial institution and made payable to “Academies Australasia Group Limited” and crossed “Not Negotiable”.

Completed Forms and accompanying cheques should be mailed to the following address:

Academies Australasia Group Limited Offer
c/o Computershare Investor Services Pty Limited
GPO Box 505. Melbourne, VIC 3001. Australia

Entitlement and Acceptance Forms will not be accepted at the Company’s registered office.

(b) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form, which includes the Biller Code and Customer Reference Number. Eligible Shareholders who have multiple holdings will have multiple Customer Reference Numbers. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- i. you do not need to submit the Entitlement and Acceptance Form, but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- ii. if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Acceptance Money.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEST) on the Closing Date.

You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

- (c) Administration of applications for New Shares

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Offer Document. The amount payable on Acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Money will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any Acceptance Money received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded as soon as practicable following the Closing Date. Any interest earned on the Acceptance Money will be retained by the Company irrespective of whether allotment takes place.

If you do not wish to accept all or any part of your Entitlement, do not take any further action. Your Entitlement will lapse.

3.13 Binding effect of Entitlement and Acceptance Form

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Acceptance Money or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia, New Zealand or Singapore; and
- (c) you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

3.14 Allotment and allocation policy

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

3.15 ASX listing

The Company applied for the listing and quotation of the New Shares on the ASX on 18 May 2017. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

3.16 Investment risks

Investors should carefully read the section on Risk Factors outlined in section 4 of this Offer Document. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

3.17 CHESS

The Company will apply for the New Shares to participate in CHESS, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, Shareholders who are issuer sponsored will be provided with an issuer sponsored statement and those who are CHESS Holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Offer Document. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

3.18 No rights trading

Entitlements to New Shares pursuant to the Offer are non-renounceable and accordingly will not be traded on the ASX.

3.19 Overseas Shareholders

The Company is of the view that it is unreasonable to make an offer, under the Offer to Shareholders, with registered addresses outside of Australia, New Zealand and Singapore having regard to:

- (a) the number of Shareholders outside Australia, New Zealand and Singapore;

- (b) the number and value of the securities owned by Shareholders outside Australia, New Zealand and Singapore; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required, and does not intend, to make offers under the Offer to Shareholders with a registered address outside Australia, New Zealand and Singapore.

Singapore

The Offer contained in this Offer Document to Eligible Shareholders with a registered address in Singapore should be aware that this Offer Document has not been registered as a prospectus with the Monetary Authority of Singapore (MAS), and accordingly, this Offer Document, the Entitlement and Acceptance Form and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) a Shareholder whose name appears in the register of members of the Company on the Record Date pursuant to Section 273(1)(cd) of the Securities and Futures Act, Chapter 289 (SFA) or (ii) pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

New Zealand

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)*. This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978 (New Zealand)*. This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

No action has been taken to register or qualify the New Shares or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia, New Zealand or Singapore.

3.20 Enquiries

Any questions concerning the Offer should be directed to companysecretary@academies.edu.au.

4 RISK FACTORS

4.1 Specific Risk Factors

(a) Loss of government funding

A significant proportion of AKG's and its subsidiaries' revenue is derived from Federal and State Government funding contracts. These Federal and State Government funding contracts outline the terms and conditions under which AKG and its subsidiaries receive funding for the delivery of training to eligible students.

There is a risk these government funding programs may cease or, be reduced or that the terms and conditions for eligibility may be changed or lost by AKG or its subsidiaries as a result of non-compliance. Stringent regulatory, audit and compliance protocols must be met in order to retain government funding and there is no guarantee that AKG and its subsidiaries will continue to meet all of their obligations under relevant Federal and State Government funding contracts notwithstanding their best endeavours to do so.

Should any of the above occur, this could have a material adverse impact on AKG's operations, earnings and financial position.

(b) Regulatory factors

The provision of education and training in Australia is highly regulated. AKG and its subsidiaries are exposed to risks posed by current and future regulations and legislation that applies to the education and training sector.

Changes in the regulatory environment may have consequences on AKG and its subsidiaries, such as limiting AKG's and its subsidiaries' ability to do business because of a change of laws. While all of AKG's RTOs currently hold relevant registrations to operate, there is no guarantee that these registrations will be retained in the future. If AKG and its subsidiaries are unable to obtain, retain or request registrations, or if the approval of any registrations are delayed or revoked, this may have a material adverse impact on AKG's reputation, earnings and financial position.

(c) Enrolment levels

The number of students who enrol for courses and programs offered by AKG and its subsidiaries may vary depending on a number of factors, including competitive course providers, costs and name recognition of the provider.

AKG and its subsidiaries are committed and focused on providing up-to-date and relevant education and training courses and undertake significant business development to ensure and develop awareness of AKG's programs, which is critical to the continued growth of AKG's business, revenue and profitability. However, these factors alone do not guarantee any levels of enrolment and a failure to maintain adequate enrolment numbers will impact AKG's growth, revenue and profitability.

Further, there is no guarantee that once enrolled in a course a student will complete their training and should a student only partially complete their training, then AKG and its subsidiaries will only receive revenues for the portion of training delivered and not the whole course.

(d) Competition

The market for education and training services in Australia is very competitive. AKG and its subsidiaries compete with private RTOs and public TAFE institutes. Competition evolves around the range and quality of services and price, as well as the reputation, financial and marketing strengths of the providers of these services. To compete efficiently, AKG and its subsidiaries must meet each of those competitive challenges and respond quickly and effectively to any changes in the competitive landscape. AKG's operations are diversified, with operations in several States and overseas, offering a wide range of courses to both domestic and international students. However, any increase in competition or deterioration in AKG's and its subsidiaries competitive position could have an adverse impact on AKG's financial position.

(e) Demand driven funding model

All the States and Territories in Australia are at different stages of implementing demand driven funding models. Victoria, South Australia, Western Australia, New South Wales and Queensland have implemented demand driven funding models which allow students in these states to determine which providers receive government funding based on individual preferences. Reversals or delays to the implementation of a demand driven funding model, could impact AKG's earnings and financial position.

(f) Industry reputation

The success of AKG and its subsidiaries is dependent on its reputation and branding. Maintaining a good brand and reputation will assist AKG and its subsidiaries to maintain their market position, their registrations and attract students. Any factors which undermine the strength of AKG and its subsidiaries' reputation and brands, may impact on AKG's competitiveness, growth and profitability.

Allegations of wrongdoing on the part of AKG or any other education and training provider, could attract adverse media coverage or regulatory scrutiny which focuses not only on the individual education and training provider in question but on the education and training sector as a whole.

(g) Reliance on key personnel

The Company's operational success will substantially depend on the continuing efforts of its senior executives and other key staff who have key expertise in the education and training industry. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. There is a risk that the Company may not be able to attract and retain key staff or be able to find suitable replacements in a timely manner, the loss of which, or any delay in their replacement, could impact the Company's ability to operate its business and achieve its growth strategies

(h) Acquisitions and growth strategy

While AKG and its subsidiaries have made a number of successful acquisitions to date, there can be no guarantee that future acquisitions will yield the same results as those before.

In addition, future acquisitions or joint ventures may result in the issue of additional Shares, which would dilute the ownership of the existing shareholders immediately prior to the time of the acquisition.

(i) Counterparty risk

The operation of AKG and its subsidiaries require the involvement of a number of third parties, including suppliers, contractors and clients.

AKG and its subsidiaries seek to mitigate this counterparty risk by having a diverse customer and supplier base, so as to reduce the reliance, and any consequential effect on AKG and its subsidiaries' financial performance. In respect of contracts entered into by AKG, there is a risk that counterparties will be unwilling or unable to fulfil their contractual obligations or will exercise a right to terminate the contract.

AKG and its subsidiaries may pursue new acquisitions or joint ventures that could present integration obstacles or costs. AKG and its subsidiaries may not realise any of the benefits it anticipates, and AKG and its subsidiaries may be exposed to additional liabilities of any acquired business, which could materially adversely affect AKG's revenue and operations.

(j) On-going capital requirements for the Company

While the proceeds of the Offer are intended to adequately satisfy the Company's current capital requirements, if the Company requires access to further funding at any stage in the future, the Company may be adversely affected in a material way if, for any reason, access to that capital is not available. There can be no assurance that additional funds will be available. If additional funds should be raised by issuing equity securities, this might result in dilution to the then existing shareholders.

(k) Litigation

From time to time, AKG and its subsidiaries may be involved in litigation in relation to issues such as contractual, personal injury, employee and other claims that may arise in the ordinary course of business.

Any claim made against the Company may adversely impact upon the operational and financial performance of the Company, and may also negatively impact on the Company's Share price.

If the Company is involved in legal proceedings, including any party with whom the Company has entered into an agreement with, this process may incur significant management and financial resources, and a positive outcome for AKG cannot be guaranteed.

Further, even if the Company were successful in obtaining a monetary judgment against a third party, the Company may be unable to recover any monies from that party. For example, the relevant third party may have inadequate financial resources to cover any judgment that is awarded in favour of the Company including any award for the payment of the Company's legal costs. There is also reputational risk in the event that a claim is made against the Company.

(l) Liability and insurance risk

AKG's and its subsidiaries' insurance arrangements may not be adequate to protect AKG against liability for losses relating to public liability, property damage, business interruption and other risks that may arise in the course of its operations and which are specific to the businesses operated by AKG and its subsidiaries.

Should AKG and its subsidiaries be unable to maintain adequate insurance to cover these risks, or experience claims for losses in excess of the level of its insurance coverage, AKG's financial performance could be materially affected.

4.2 General Risk Factors

(a) Securities investment

Investors should be aware that there are risks associated with investment in securities of companies listed on a stock exchange. The value of the Company's securities can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, prices of the Company's services, variations in the operating costs and costs of capital replacement which the Company may in the future require. Accordingly, assuming that the New Shares are granted Official Quotation, the securities may trade on ASX at higher or lower prices than their issue price.

Each potential investor should consider whether New Shares pursuant to this Offer Document are a suitable investment for them before deciding to invest in the New Shares pursuant to this Offer Document. Any investor in doubt about investing in New Shares should consult their stockbroker, accountant, lawyer or other professional advisor immediately.

(b) Economic risk and external market factors

Factors, such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company.

(c) War and terrorist attacks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Company.

(d) Legislative changes, Government policy and approvals

Changes in relevant taxes, legal and administrative regimes, accounting practices and government policies in Australia and in other places where the Company conducts its business may adversely affect the financial performance of the Company.

4.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for New Shares pursuant to this Offer Document.

5 THE COMPANY: USE OF FUNDS AND IMPACT OF CAPITAL RAISING

5.1 Overview

AKG has been operating for 109 years and has been listed on ASX for 40 years. The principal activity of the AKG Group is the provision of training and education services. There are 18 separately licenced colleges in the group – 17 in Australia and one in Singapore. AKG colleges offer more than 250 qualifications. Fields of study include English Language, Senior High School, Vocational, Singapore Government School Preparatory Programmes, and Higher Education Programmes. (See Appendix 1).

AKG has an 8.0% interest in Redhill Education Limited (ASX: RDH), which is also a provider of training and education services. Christopher Campbell, the Group MD and CEO holds an interest of 1.78%. Together they have an interest of 9.78% in RDH.

5.2 Use of Funds

The Rights Issue as described in this Offer Document is expected to raise a minimum of approximately 48,029,509 shares (approximately \$5,763,541), and a maximum of approximately 50,775,320 shares (approximately \$6,093,038).

The proceeds of the issue will be used, mainly:

- to repay \$1,500,000 of bank debt;
- to repay \$2,275,000 of Directors loans which are overdue plus accrued interest of \$0.136 million on those loans;
- to make the final payment to the vendor of Skills Training Australia; and
- to pay for the acquisition of further shares in RuralBiz Training.

These directors of the Company, Chiang Meng Heng, Christopher Campbell and Dr John Schlederer have extended loans to the Company. Details are as follows:

‘\$		<u>Amount</u>	<u>Interest</u>	
			<u>30 April 2017*</u>	
Chiang Meng Heng	9 Mar 16	1,000,000.00	77,667.12	1,077,667.12
	16 Dec 16	500,000.00	12,515.07	512,515.07
				<u>1,590,182.19</u>
Christopher Campbell	6 Mar 16	300,000.00	23,416.03	323,416.03
	10 Mar 16	200,000.00	15,456.16	215,456.16
				<u>538,872.19</u>
Dr John Schlederer	16 Dec 16	91,666.67	2,294.43	93,961.10
	17 Dec 16	91,666.67	2,277.60	93,944.27
	18 Dec 16	91,666.66	2,260.78	93,927.44
				<u>281,832.81</u>
		<u>2,275,000.00</u>	<u>135,887.19</u>	

*Note: Interest is at the prevailing ANZ Bank rate applicable to the Company’s overdraft facility.

Skills Training Australia (Transformations - Pathways to Competence and Developing Excellence Pty Ltd T/A Skills Training Australia) was acquired in November 2014. The final payment due to the vendor to be paid by 30 June 2017 is estimated at \$350,000.

A 51% interest in RuralBiz Training (Kreate Pty Limited T/A RuralBiz Training) was acquired in June 2014. Approximately \$250,000 is being provided for the acquisition of further shares in RuralBiz Training.

The repayment of \$1,500,000 in Bank debt, \$2,411,000 (\$2,275,000 + \$136,000) in respect to Directors’ loans, and payments in respect to Skills Training Australia and RuralBiz Training (\$600,000) add up to \$4,511,000. At the minimum and maximum raising of \$5,763,541 and \$6,093,038 respectively, the ‘surplus’ would be \$1,252,541 or up to \$1,582,038. The costs of the issue are estimated at \$50,000, leaving additional working capital of \$1,202,541 to \$1,532,038.

5.3 Impact of Raising

Please refer to Appendices 2, 3 and 4 for the Proforma impact of the capital raising on the Company’s Balance Sheet and Profit and Loss.

6 CONTROL ISSUES

6.1 Overview

The Company is of the view that there is no one entity that controls the Company.

6.2 Top 20 shareholders

The top 20 shareholders at 19 May 2017 hold 66,658,663 shares (87.52%)

Rank	Name	Units	% of Units
1.	MR CHIANG MENG HENG	26,122,637	34.30
2.	JILCY PTY LTD <JILCY SUPER FUND A/C>	8,548,970	11.22
3.	ENG KIM LOW	4,588,939	6.03
4.	DFL HOLDINGS PTY LTD	4,139,612	5.44
5.	BB&M HOLDINGS PTY LTD	4,006,396	5.26
6.	J & B SCHLEDERER PTY LTD <J & B SCHLEDERER SUPER A/C>	3,350,532	4.40
7.	CITICORP NOMINEES PTY LIMITED	3,139,417	4.12
8.	KIN GROUP PTY LTD	2,595,514	3.41
9.	CHEEKY BOYS PTY LTD <MEHARNEHAAL SUPER A/C>	1,660,280	2.18
10.	RTO SOLUTIONS PTY LTD	1,374,098	1.80
11.	SARGODA PTY LTD <BIRDEEP FAMILY A/C>	1,100,000	1.44
12.	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	1,038,347	1.36
13.	MRS MELINDA KAYE BURGESS	811,936	1.07
14.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	784,093	1.03
15.	SCHLEDERER NOMINEES PTY LIMITED <J L S FAMILY A/C>	750,000	0.98
16.	MRS GAIL LESLIE STOREY	634,335	0.83
17.	STORMONT PTY LTD	601,645	0.79
18.	BANKURA PTY LTD <CAMPBELL FAMILY A/C>	578,000	0.76
19.	MR DANIEL HING YUEN WONG <JEHOVAH JIREH FAMILY A/C>	427,631	0.56
20.	MK & MP INVESTMENTS PTY LTD <M & M SUPER FUND A/C>	406,281	0.53
		66,658,663	87.52

6.3 Substantial Shareholders

The substantial shareholders at 19 May 2017 are:

	Shares	%
Chiang Meng Heng ^a	30,711,576	40.32
Christopher Elmore Campbell ^b	9,360,970	12.29
Jilcy Pty Ltd <Jilcy Super Fund A/C>	8,548,970	11.22
Raphael Geminder ^c	6,601,910	8.67
Gary William Cobbledick ^d	4,608,041	6.05
Eng Kim Low	4,588,939	6.03
DFL Holdings Pty Limited	4,139,612	5.44
Dr John Lewis Schlederer ^e	4,100,532	5.38

^a Includes 4,588,939 shares held by Eng Kim Low

^b Includes 8,548,970 shares held by Jilcy Pty Ltd <Jilcy Super Fund A/C> and 807,142 shares held by Bankura Pty Ltd <Campbell Family Trust A/C>

^c 4,006,396 held by BB&M Holdings Pty Limited and 2,595,514 by Kin Group Pty Limited

^d 4,006,396 held by BB&M Holdings Pty Limited and 601,645 held by Stormont Pty Limited

^e 3,350,532 held by J & B Schlederer Pty Ltd <J & B Schlederer Super A/C> and 750,000 held by Schlederer Nominees Pty Limited <J L S Family A/C>

6.4 Directors and Associates

The Directors, and their associates, hold 58.49% of shares.

	Shares	%
Chiang Meng Heng Direct: 26,122,637. Indirect: 4,588,939	30,711,576	40.32
Christopher Campbell Direct: 4,858. Indirect: 9,356,112	9,360,970	12.29
Dr John Schlederer Indirect	4,100,532	5.38
Gabriela Rodriguez Direct	48,329	0.06
Sartaj Hans Direct: 269,857. Indirect: 53,000	322,857	0.42
Total Director interests	44,544,264	58.49

6.5 Largest Shareholder

The largest shareholder is a Director, Chiang Meng Heng who has a holding of 26,122,637 shares (34.3%) and an indirect interest in 4,588,939 shares (6.03%) – together 30,711,576 or 40.32%. Chiang Meng Heng and his associate intend to take up their full entitlement – which will take his interest to 51,185,960 shares.

In the event that the New Shares to be issued is the minimum of 48,029,509, total shares will increase to 124,192,488 – Chiang Meng Heng’s interest will increase from 40.32% to 41.22%.

In the event that the New Shares to be issued is the maximum of 50,775,320, total shares will increase to 126,938,299 – Chiang Meng Heng’s interest will remain at 40.32%.

6.6 Potential effect of the Offer

If an Eligible Shareholder does not take up their full entitlement, it is likely that that shareholder’s proportional shareholding would be reduced because there is a minimum of approximately 48,029,509 New Shares that will be taken up. This approximately 48,029,509 New Shares are made up of the take-up by Directors and their associates of 29,696,176 New Shares plus the underwritten 18,333,333 New Shares. The approximately 48,029,509 New Shares account for 94.59% of the maximum issue of approximately 50,775,320 New Shares.

6.7 Change in capital structure following the rights issue

Minimum issue of New Shares	Approximately 48,029,509	
Maximum Issue of New Shares		Approximately 50,775,320
Shares on issue at 26 May 2017	76,162,979	76,162,979
Total Shares (minimum)	Approximately 124,192,488	
Total Shares (maximum)		Approximately 126,938,299

Note: At 19 May 2017, Ineligible shareholders, being shareholders who are not registered as having addresses in Australia, New Zealand or Singapore, together hold 0.4% of the total shares (presently 76,162,979). This small percentage means there will not be a material effect in respect to relevant projected take-ups and percentage holdings in this Offer Document.

7 ADDITIONAL INFORMATION

7.1 Section 708AA Corporations Act

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Offer is being undertaken pursuant to Section 708AA of the Corporations Act. This section enables disclosing entities to undertake a rights issue in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before

the date of the Offer. Apart from formal matters a notice under Section 708AA(2)(f) need only:

- a) contain information that is excluded information as at the date of the Offer Document pursuant to section 708AA (8) and (9); and
- b) state:
 - i. the potential effect the issue of the New Shares will have on the control of the Company; and
 - ii. the consequences of that effect.

A notice under Section 708AA(2)(f) was lodged with the ASX on 18 May 2017.

7.2 Rights and liabilities attaching to New Shares

The New Shares will have from issue the same rights attaching to all existing Shares on issue. The rights attaching to ownership of the New Shares are set out in the Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

This Offer Document does not contain a summary of the principal rights and liabilities of holders of the New Shares.

7.3 Expenses of the Offer

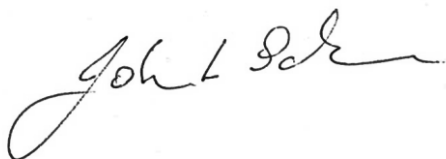
All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$50,000.

The underwriting fee is in the form of 5,000,000 Options over unissued shares in the Company. [See Section 3.1].

7.4 Directors' statement

This Offer Document is issued by Academies Australasia Group Limited. Each director has consented to the lodgement of the Offer Document with ASX.

Signed on the date of this Offer Document on behalf of Academies Australasia Group Limited by:



Dr John Lewis Schlederer
Chairman
Academies Australasia Group Limited

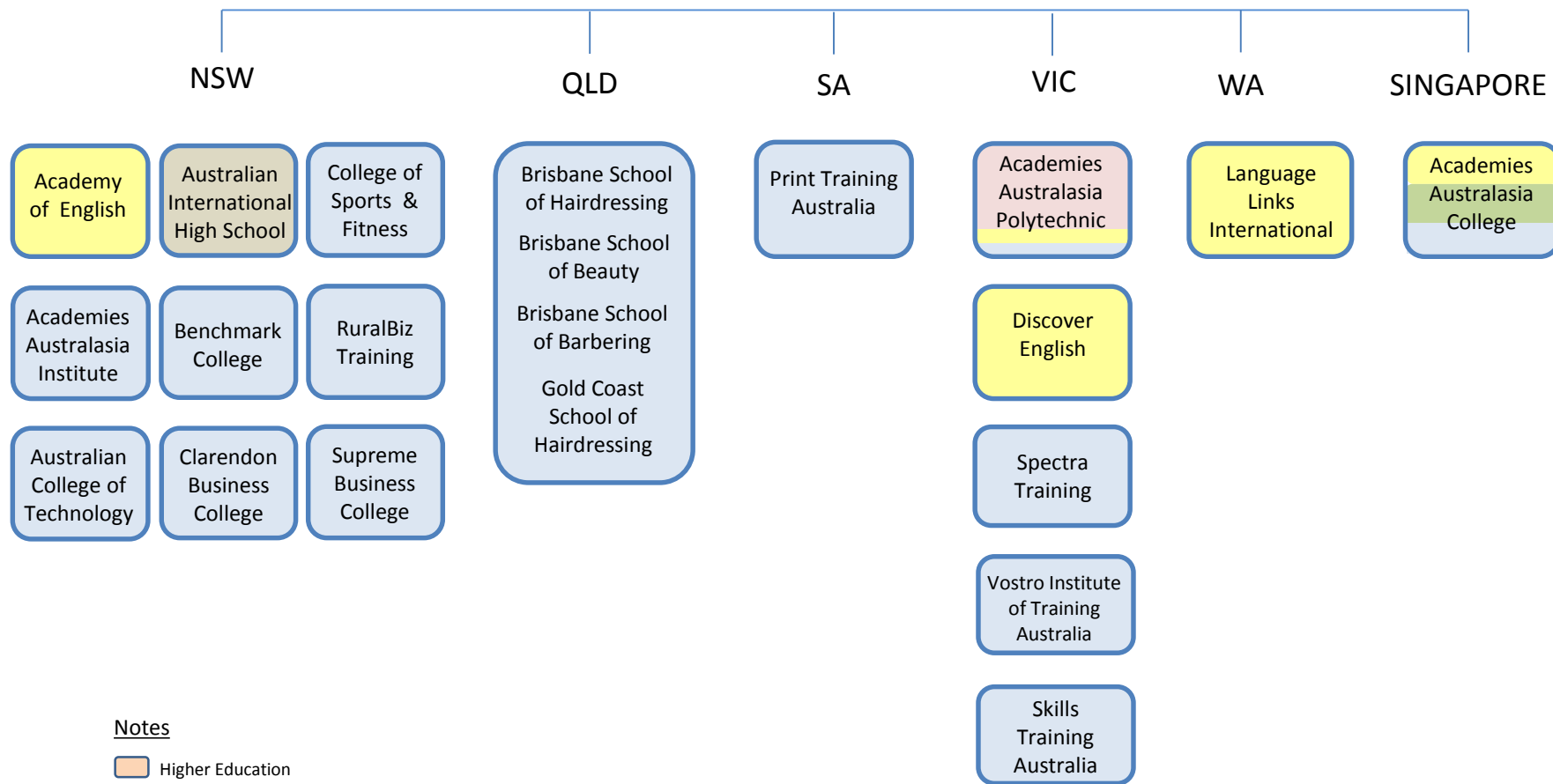


Christopher Campbell
Group Managing Director and CEO
Academies Australasia Group Limited

Acceptance	An acceptance of Entitlements.
Acceptance Money	The Issue Price multiplied by the number of New Shares accepted for.
AEST	Australian Eastern Standard Time.
ASX	ASX Limited ABN 98 008 624 691.
Board	The board of Directors of the Company.
CHESS	The Clearing House Electronic Subregister System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	The date by which a valid Acceptances must be received by the Share Registrar being 5.00pm (AEST) 16 June 2017 or such other date determined by the Board.
Company or AKG	Academies Australasia Group Limited (ABN: 93 000 003 725) (ASX:AKG).
Business Day	A day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney Australia.
Constitution	The Company's constitution.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	The directors of the Company.
Eligible Shareholders	A Shareholder of the Company that holds Shares in the Company on the Record Date whose registered address is in Australia, New Zealand or Singapore.
Entitlement	The entitlement to accept New Shares under this Offer Document.
Entitlement and Acceptance Form	An entitlement and acceptance form in the form attached to this Offer Document.
Ineligible Shareholder	A Shareholder who does not reside in Australia, New Zealand or Singapore or who do not have a registered address within Australia or New Zealand or Singapore.
Issue or Offer	The offer and issue of New Shares in accordance with this Offer Document.
Issue Price	12 cents for each New Share.
Listing Rules	The official listing rules of the ASX.
New Shares	Shares proposed to be issued under the Offer.
Offer	The a pro-rata non-renounceable rights issue to Eligible Shareholders of Academies Australasia Group Limited of 2 New Shares at an issue price of 12 cents each for every 3 Shares held to issue up to approximately 50,775,320 New Shares and to raise up to approximately \$6,093,038.
Opening Date	The date of commencement of the Offer, expected to be 26 May 2017.

Options	Options on issue in the Company from time to time.
Offer Document	This Offer Document dated 26 May 2017 as modified or varied by the Company.
Record Date	25 May 2017.
Register	The register of the Company.
Relevant Interest	Has the meaning given to that term in the Corporations Act.
Securities	Has the meaning as in Section 92 of the Corporations Act.
Share Registry	Computershare Investor Services Pty Limited.
Shares	The ordinary shares on issue in the Company from time to time.
Shareholders	The holders of Shares from time to time.
Underwriter	Andrew Low of Level 18, One Pacific Place, 88 Queensway, Hong Kong.
US Securities Act	The US Securities Act of 199, as amended.

AKG Colleges



Notes

- Higher Education
- Vocational
- Senior High School
- Preparatory
- English

- All wholly owned except for College of Sports & Fitness (51%), RuralBiz Training (51%) and Language Links International (75%)
- QLD schools are trading names of Academies Australasia Hair & Beauty Pty Limited

Entitlement Offer: Equity Raise Scenarios

Overview of sources and uses of funds based on the following take-up assumptions:

- 1 **0% take-up**, excluding \$3,563,541 Directors' Commitment. Total amount raised \$5,763,541. Underwriting commitment **fully** called
- 2 **50% take-up**, excluding Directors' Commitment. Total amount raised \$6,093,038. Underwriting commitment **partially** called
- 3 **100% take-up** excluding Directors' Commitment. Total amount raised \$6,093,038. Underwriting commitment **not** called

Overview of Entitlement offer

Number of shares outstanding	76,162,979
2-for-3 Entitlement offer (new shares issued)	50,775,320
Entitlement offer price	\$0.12
Target equity raise	\$6,093,038

Sources of Funds	1 0% take-up (excluding Directors' Commitment)	2 50% take-up (excluding Directors' Commitment)	3 100% take-up (excluding Directors' Commitment)
Directors' Commitment	\$3,563,541	\$3,563,541	\$3,563,541
Take-up from other shareholders	-	\$1,264,749	\$2,529,497
Underwriter Commitment	\$2,200,000	\$1,264,748	-
Total equity raise	\$5,763,541	\$6,093,038	\$6,093,038

Entitlement Offer: Proforma Impact on Balance Sheet

The table below summarises the AKG balance sheet as at 30 June 2016 (audited) and 30 April 2017 (unaudited management figures), with certain proforma adjustments to take into account the effect of the Entitlement Offer proceeds

Financials in \$'000	Actuals		Scenario ¹ (50% take-up excl. Director's commitment)		Scenarios ² ³ (50% or 100% take-up excl. Director's commitment)	
	FY16	YTApr17 ¹	Offer impact	Proforma 30Apr17	Offer impact	Proforma 30Apr17
Cash and cash equivalents ²	8,068	8,929	1,253	10,182	1,582	10,511
Trade and other receivables	14,568	12,705		12,705		12,705
Other assets	49,299	51,685	250	51,935	250	51,935
Total Assets	71,935	73,319	1,503	74,822	1,832	75,151
Trade and other payables ³	25,971	27,600	-350	27,250	-350	27,250
Bank term loan and overdraft ⁴	12,199	7,324	-1,500	5,824	-1,500	5,824
Directors' loans ⁴	1,533	2,411	-2,411	-	-2,411	-
Other borrowings ⁴	243	281		281		281
Other liabilities	6,901	8,671		8,671		8,671
Total Liabilities	46,847	46,287	-4,261	42,026	-4,261	42,026
Total Equity	25,088	27,032	5,764	32,796	6,093	33,125
Net debt	5,907	1,087		-4,077		-4,406
Debt	13,975	10,016		6,105		6,105
Debt / EBITDA	-7.09x⁵	3.18x⁶		1.94x⁶		1.94x⁶

Notes: 1. YTApr17 are **unaudited management figures** for the 10 months from July 2016 to April 2017. No forecast is provided for May and June 2017. It must not be assumed that the performance for May and June 2017 will or will not be along the lines of the performance from July 2016 to April 2017. YTApr17 EBITDA is \$3.872 million (including revaluation of investment) and \$3.145 million (excluding revaluation of investment). 2. \$8.068 million and \$8.929 million in "Cash and cash equivalents": \$6.997 million and \$6.521 million, respectively, are held in the Tuition Protection Scheme accounts. 3. \$25.971 million and \$27.600 million in "Trade and other payables": \$14.708 million and \$19.547 million, respectively, is unearned income (Tuition Fees paid in advance). 4. Together = Debt. 5. FY16 EBITDA (ex revaluation of investment) loss of \$1.972 million. 6. Based on YTApr17 EBITDA (10 months of EBITDA) of \$3.145 million (excludes revaluation of investment).

The level of take up only affects the amount by which cash will increase.

- In all 3 scenarios, AKG will repay:
 - \$2.275 million of loans made by Directors (which are now overdue) plus interest of \$0.136 million on those loans; and
 - \$1.500 million of the debt to ANZ Bank to reduce the total term loan and overdraft balance to \$5.824 million at 30 April 2017
- The repayment of these debts significantly improves AKG debt metrics:
 - In all 3 scenarios, AKG will be in a net cash position; and
 - Debt to YTApr17 EBITDA improves to 1.94x from 3.18x
- This provides AKG a "clean slate" and working capital to drive business development and growth
- All 3 scenarios also provide for final payments to the vendor of STA and acquisition of the shares in RBT not presently owned by

Entitlement Offer: Proforma Impact on P&L

The poor financial performance in FY16 has been turned around quickly. EBITDA (including revaluation of investment) for the 10 months to April 2017 is \$3.872 million (\$3.145 million excluding revaluation of investment). Management is positive about the future: the macroeconomic factors in the education sector are still attractive especially in respect to international student enrolments.

Financials in \$'000	Actuals		YTApr17 ¹
	FY15	FY16	
Revenue	56,755	54,985	46,723
Expenses	-55,395	-56,957	-43,578
EBITDA (ex revaluation of investment)	1,360	-1,972	3,145
Revaluation of investment	606	-1,163	727
EBITDA (incl reval of investment)	1,966	-3,135	3,872
Depreciation	-1,519	-1,882	-1,270
Interest income	81	227	85
Interest expense	-916	-1,089	-611
PBT	-388	-5,879	2,076
Tax benefit / (expense)	561	1,567	623 ³
Net profit/loss	173	-4,312	1,453
Operating metrics			
EBITDA (ex revaluation of investment) margin	2.4%	-3.6%	6.7%
PBT margin	-0.7%	-10.7%	4.4%
Net profit/loss margin	0.3%	-7.8%	3.1%

Positive EBITDA of \$3.145 million for 10 months to April 2017 – compared to negative \$1.972 million EBITDA in FY16 (excluding revaluation of investment)

Positive turnaround driven by:

- Corporate reorganisation and restructuring of SPT
- Increase in international student enrolments
- Implementation of cost savings initiatives

*Notes: 1. YTApr17 are **unaudited management figures** for the **10 months** from July 2016 to April 2017. No forecast is provided for May and June 2017. It must not be assumed that the performance for May and June 2017 will or will not be along the lines of the performance from July 2016 to April 2017. 2. It must also be noted that the 10 months YTApr17 figures are being compared with full 12 months figure for FY15 and FY16. 3. Estimated at 30%*